

Complaint

Mr P has complained about a credit card Advanced Payment Solutions (trading as “Cashplus”) provided to him.

He says that he shouldn’t have been given the credit card as it was provided at a time when he already had other debts and it was therefore unaffordable.

Background

Cashplus provided Mr P with a credit card which had an initial limit of £1,000.00 in December 2022. Mr P wasn’t provided with any credit limit increases.

One of our investigators reviewed what Mr P and Cashplus had told us. And she thought Cashplus hadn’t done anything wrong or treated Mr P unfairly in relation to providing the credit card.

So she didn’t recommend that Mr P’s complaint be upheld. Mr P disagreed and asked for an ombudsman to look at the complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Having carefully considered everything, I’ve decided not to uphold Mr P’s complaint. I’ll explain why in a little more detail.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr P’s complaint.

Cashplus needed to make sure it didn’t lend irresponsibly. In practice, what this means is Cashplus needed to carry out proportionate checks to be able to understand whether Mr P could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to lend to a customer irresponsibly.

Cashplus says it agreed to Mr P’s application after it obtained information on his income and carried out a credit search. And the information obtained indicated that Mr P would be able

to make the low monthly repayment due on this credit card. On the other hand Mr P says that he shouldn't have been lent to under any circumstances.

I've considered what the parties have said.

What's important to note is that Mr P was provided with a revolving credit facility rather than a loan. And this means that Cashplus was required to understand whether a credit limit of £1,000.00 could be repaid within a reasonable period of time, rather than in one go. A credit limit of £1,000.00 required small monthly payments in order to clear the full amount owed within a reasonable period of time.

I've seen records of the information Cashplus obtained from Mr P about his income and what was on the credit search carried out. Cashplus says that Mr P declared a salary of £38,600.00 a year and that he had monthly rental commitments of £350.

Furthermore, while the credit search did show that Mr P had some active credit at this stage, the balances weren't excessive and there was no significant adverse information - such as county court judgments recorded against Mr P - in relation to these accounts, in the information Cashplus saw. Equally, given the low amount being lent here, I don't think that Cashplus needed to further verify what was in the information it had before lending either.

I accept that Mr P says his actual circumstances at the time were worse than what the information Cashplus obtained showed. I know that Mr P has referred to having other accounts maxed out, other loans and that he's also said that he used the funds available on this card to make his payments. Mr P's suggestion is also that if Cashplus had done more it would have seen this.

I'm sorry to hear to hear about Mr P's difficulties and I've also seen what he has said about the position in relation to his other complaints. It's fair to say that if Cashplus had known about what some of Mr P's other lenders knew, or should have known, it might have reached a different conclusion. Furthermore, it's clear that some of the borrowing Mr P has referred to wouldn't have updated to show on his credit file at the time he applied for this card.

In any event, the most important factor in this case, is that there wasn't anything immediately obvious in the information that Cashplus had, including what it saw about Mr P's existing indebtedness bearing in mind his recorded income, which meant it should've asked Mr P to provide supporting evidence, such as bank statements, before providing him with this credit card.

Overall and having considered everything, while I can understand Mr P's sentiments and I'm sorry to hear about his situation, I don't think that Cashplus treated Mr P unfairly or unreasonably. It carried out proportionate checks and reasonably relied on the information provided which suggested that the credit card was affordable.

Consequently I'm not upholding Mr P's complaint. I appreciate this will be very disappointing for Mr P - particularly given what he's said about having other complaints upheld. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or

reject my decision before 25 March 2024.

Jeshen Narayanan
Ombudsman